

R E P O R T

CLERKS' SUPPLEMENTAL
COMPENSATION FUND
Baton Rouge, Louisiana

JUNE 30, 2003

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COMPENSATION FUND
Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

July 24, 2003

To the Clerks' Supplemental
Compensation Fund Board
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana, as of and for the two years ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Clerks' Supplemental Compensation Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Clerks' Supplemental Compensation Fund, as of June 30, 2003 and the results of its operations for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplementary information on pages 9 - 10 is presented for purposes of additional analysis and is not a required part of the financial statements of the Clerks' Supplemental Compensation Fund. The supplementary information on pages 9 - 10 has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 24, 2003 on our consideration of Clerks' Supplemental Compensation Fund's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
BALANCE SHEET
JUNE 30, 2003

ASSETS:

Cash (Note 2)	\$ 78,459
Accounts receivable	<u>84,953</u>
 TOTAL ASSETS	 \$ <u><u>163,412</u></u>

LIABILITIES AND FUND EQUITY:

Liabilities:

Supplemental payable	\$ 144,625
Fund balance reserved (Note 3)	<u>18,787</u>
 TOTAL LIABILITIES AND FUND EQUITY	 \$ <u><u>163,412</u></u>

See accompanying notes.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2003

REVENUES: (Note 1)	
Operating revenues	\$ 1,018,736
Interest earned on investments	<u>1,361</u>
Total revenues	1,020,097
EXPENDITURES: (Note 1)	
General government expenditures	<u>1,021,067</u>
Excess of expenditures over revenues	(970)
FUND BALANCE, JUNE 30, 2002	<u>19,757</u>
FUND BALANCE, JUNE 30, 2003	\$ <u><u>18,787</u></u>

See accompanying notes.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002

REVENUES: (Note 1)	
Operating revenues	\$ 950,144
Interest earned on investments	<u>1,291</u>
Total revenues	951,435
EXPENDITURES: (Note 1)	
General government expenditures	<u>939,050</u>
Excess of revenues over expenditures	12,385
FUND BALANCE, JUNE 30, 2001	<u>7,372</u>
FUND BALANCE, JUNE 30, 2002	\$ <u><u>19,757</u></u>

See accompanying notes.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

On July 8, 1987, Louisiana Revised Statute 13:761 created the Clerks' Supplemental Compensation Fund to supplement the salaries of the clerks of court of the district courts and is in addition to any compensation otherwise authorized by law. The Clerks' Supplemental Compensation Fund Board was created and is composed of five members appointed by the board of directors of the Louisiana Clerks of Court Association. The uncompensated members of the board shall serve two-year terms unless otherwise specified and they may not serve more than two successive terms. The Chairman of the Board shall be responsible for the distribution of the proceeds of the fund and he shall keep detailed and accurate records.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of certain significant accounting policies.

Financial Reporting Entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

For financial reporting purposes, there are no other funds, account groups, activities, et cetera, that are financially accountable to the Clerks' Supplemental Compensation Fund.

Basis of Presentation:

The accompanying financial statements of the Clerks' Supplemental Compensation Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting:

The accounts of the Clerks' Supplemental Compensation Fund are organized on the basis of a fund. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in this individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund presented in the financial statements is described as follows:

CLERKS' SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Governmental Fund:

General Fund:

The General Fund, as provided by Louisiana Revised Statute 13:761, is the principal fund of the Clerks' Supplemental Compensation Fund and is used to account for the operations of the Clerks' Supplemental Compensation Fund.

The clerk of each district court shall remit to the Clerks' Supplemental Compensation Fund from the funds transferred from the advance deposit account to the salary fund account, an amount calculated at the statutorily established rate for every original civil suit filed in his office. Each clerk of court shall remit all costs so collected to the board monthly on or before the tenth day of each calendar month. The amount remitted by the clerks is the Operating Revenues of the Clerks' Supplemental Compensation Fund. The disbursements paid by the Clerks' Supplemental Compensation Fund may be authorized only by a majority of the members of the board. After making provisions for necessary and associated administrative expenses, the board shall then distribute the proceeds from the fund monthly in equal amounts to the clerks of the district courts.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental funds are maintained on the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The following practices are utilized in recording revenues and expenditures:

Supplemental receipts are recorded in the month the civil suit is filed.

Interest income on investments is recorded as earned.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Fund Equity:

Reserves:

Reserves represent those portions of fund equity for future expenditures which are legally and/or board segregated for a specific use.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

2. CASH:

At June 30, 2003, the carrying amount of cash was \$78,459 and the bank balance was \$89,485. The entire bank balance of \$89,485 was covered by Federal Depository Insurance.

3. FUND BALANCE RESERVED:

The fund balance is reserved for payment of compensation to the clerks.

4. COMPENSATION TO BOARD MEMBERS:

The board members do not receive any additional compensation for being on the board.

5. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

6. RELATED PARTY:

The Louisiana Clerks of Court Association operates on a nonprofit basis for the purpose of providing the opportunity for clerks of court to exchange ideas on the operation of their offices, to evaluate the standards and offer ways and means to serve the public better, to encourage the passage of uniform laws pertaining to the administration of the duties of clerks of court in the State of Louisiana to exemplify the ideals of public service as an influence in business and civic life, to cultivate friendship among its members over the State of Louisiana, and to participate in the formulation of and to advance the official policies of the Association over the State of Louisiana.

The Association has a controlling interest in the Supplemental Compensation Fund through appointment of the Supplemental Compensation Fund's board of directors. There were not any material financial transactions with the Fund.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003

Administrative expenditures:

Bank charges	\$ 342
Office supplies	<u>225</u>

Total administrative expenditures	\$ 567
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Supplemental pay	<u>1,020,500</u>
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TOTAL GENERAL GOVERNMENT EXPENDITURES	\$ <u><u>1,021,067</u></u>
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CLERKS' SUPPLEMENTAL COMPENSATION FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

Administrative expenditures:

Accounting	\$ 2,650
Bank charges	<u>400</u>

Total administrative expenditures	\$ 3,050
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Supplemental pay	<u>936,000</u>
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TOTAL GENERAL GOVERNMENT EXPENDITURES	\$ <u><u>939,050</u></u>
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON A FINANCIAL STATEMENT AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

July 24, 2003

Board of Directors of the
Clerks' Supplemental Compensation Fund
Baton Rouge, Louisiana

We have audited the financial statements of the Clerks' Supplemental Compensation Fund, as of and for the two years ended June 30, 2003, and have issued our report thereon dated July 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Clerks' Supplemental Compensation Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerks' Supplemental Compensation Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors and management of Clerks' Supplemental Compensation Fund and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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July 24, 2003

Legislative Auditor
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SCHEDULES AND DATA COLLECTION FORM

SECTION 1: SUMMARY OF AUDITOR'S REPORT

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of the LA Clerks of Court Supplemental Compensation Fund as of and for the two years ended June 30, 2003 and have issued our report thereon dated July 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2003 resulted in an unqualified opinion.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING:

Internal Control:

Material weaknesses - None noted
Reportable conditions - None noted

Compliance:

Noncompliance material to financial statements - None noted

C. Federal Awards:

N/A

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

None

B. PRIOR YEAR FINDINGS (OTHER MATTERS):

None